

STATEMENT OF CONSIDERATION RELATING TO

805 KAR 1:130
Amended After Comments

Energy and Environment Cabinet
Department for Natural Resources
Division of Oil and Gas

I The public hearing on 805 KAR 1:130, scheduled for May 26, 2015 at 10:00 am was canceled. However, written comments were received during the public comment period.

II The following person submitted written comments:

<u>Name and Title</u>	<u>Affiliation</u>
Andrew McNeill, Executive Director	Kentucky Oil and Gas Association
Emily Harkenrider, Legislative Analyst	Legislative Research Commission

III The following people from the promulgating administrative body responded to the written comments:

<u>Name and Title</u>	<u>Affiliation</u>
Steve Hohmann, Commissioner	Department for Natural Resources
Kim Collings, Director	Division of Oil and Gas
Marvin Combs, Asst. Director	Division of Oil and Gas
Michael Mullins, Regulation Coordinator	Department for Natural Resources
Lance Huffman, Attorney	Office of General Counsel

IV Summary of Comments and Responses

(1) Subject Matter: Shallow Well Definition

(a) Comment: Andrew McNeill, Kentucky Oil and Gas Association.

There are several references to shallow wells as a “depth of less than 4,000 feet or above the base of the lowest member of the Devonian Brown shale.” SB 186 redefined a “shallow well” as “6,000 feet or less...or above the lowest member of the Devonian Brown shale, whichever is the deeper in depth.” The new definition is effective June 24, 2015. KOGA recommends the final proposed regulations reflect the revised definition of a shallow well.

- (b) Response:** The department believes the language is drafted correctly. The language was drafted to address the increased pressure encountered below 4,000 feet. The BOP requirements for wells below 4,000 feet address these pressure requirements needs to remain unchanged.

(2) Subject Matter: Production Packer Assembly

(a) Comment: Andrew McNeill, Kentucky Oil and Gas Association.

Section 3(3) – p. 4 lines 1-2: “Production packer assembly” could mean either open hole packer assemblies or a packer that is run on tubing and set inside the long string. KOGA recommends using the term “open hole packer assembly” to clarify this issue.

- (b) Response:** The department agrees with commenter and will make the appropriate changes to the administrative regulation.

(3) Subject Matter: BOP Testing

(a) Comment: Andrew McNeill, Kentucky Oil and Gas Association.

Section 4(2)(b) – p. 4 lines 14-17: Requiring BOP tests “at regular intervals” is vague. KOGA recommends that BOPs be tested when they are first installed and then re-tested after 30 days, or any time the operator opens or removes the BOP.

- (b) Response:** The department agrees with commenter and will make the appropriate changes to the administrative regulation.

(4) Subject Matter: Codified Version of SB 186.

(a) Comment: Andrew McNeill, Kentucky Oil and Gas Association.

KOGA recommends the Department use the newly codified version of SB 186 within the final proposed regulations.

- (b) Response:** The department agrees with commenter and will make the appropriate changes to the administrative regulation.

- (5) **Subject Matter: Technical Amendments**
- (a) **Comment: Emily Harkenrider, Legislative Research Commission.**
LRC staff made several comments to ensure compliance with KRS 13A.
- (b) **Response:** The department agrees with the commenter and will make the appropriate changes to the administrative regulation.

V. Summary of Statement of Consideration and Action Taken by Promulgating Administrative Body

805 KAR 1:130. Administrative regulation relating to casing, cementing, plugging, gas detection and blow-out prevention in oil and gas wells. Comments were considered and the following changes are suggested:

Page 1

TITLE

Line 5

After "805 KAR 1:130.", delete "Administrative regulation relating to".

Capitalize the first letter of "casing".

Line 6

After "gas detection", insert a comma.

Page 1

RELATES TO

Line 7

After "KRS", insert "353.180, 353.510,".

After "353.520", insert the following:

, 353.561 – 353.564, 353.590, 353.5901, 353.592, 353.651,
353.652, 353.6601 – 353.6606, 353.730, 353.737, 353.991

Page 1

NECESSITY, FUNCTION, AND CONFORMITY

Line 10

After "and casing of", insert "oil or gas".

Delete "all".

Line 11

After "and casing of", insert the following:

wells for the purpose of oil or gas extraction

Delete "a well".

Page 1

Section 1(1) and (2)

Lines 14 through 16

After "(1)", delete the remainder of subsection (1) in its entirety and delete the notation, "(2)".

Page 1

Section 1(2) and (3)

Lines 17 and 18

After "bore hole wall.", insert "(2)".

Delete "(3)".

Page 1

Section 1(3)

Line 18

After ""Blow-out preventer", delete "(BOP)".

After the closing quotation mark, insert "or BOP".

Lines 18 and 19

After "installed on the", insert the following:

surface casing, which is the first and largest diameter casing installed in a well with the primary use to make the bore hole stand up and to protect a fresh water zone layer of strata capable of producing or receiving fluids, or installed on the intermediate casing, which is one (1) or more strings of pipes installed in a well in addition to the surface casing in which each string is smaller in diameter than the previous. The device is used to

Delete "surface or intermediate casing".

Line 20

After "drill pipe and", insert "that".

Delete "which".

Pages 1 and 2

Section 1(3) and (4)

Lines 20 and 1

After "during drilling operations.", insert "(3)".

Delete "(4)".

Page 2

Section 1(4)

Line 1

After ""Casing", delete "(casing string)".

After the closing quotation mark, insert "or casing string".

Page 2

Section 1(4) and (5)

Lines 1 and 2

After "in a well.", insert "(4)".

Delete "(5)".

Page 2

Section 1(5)

Line 2

After "means hydraulic cement", delete "properly".

Lines 2 and 3

After "or with additives", delete "approved by the director,".

After "and", insert "that".

Delete "which".

Page 2

Section 1(5) and (6)

Lines 4 and 5

After "the well.", insert "(5)".

Delete "(6)".

Page 2

Section 1(6) through 8

Lines 5, 8, 9, and 12 through 14

After "by KRS 353.510(16).", insert "(6)".

Delete subsection (7) in its entirety and delete the notation, "(8)".

Page 2

Section 1(8)

Line 15

After "in Frankfort, Kentucky", insert a comma.

Page 2

Section 1(9) and (10)

Lines 17 and 10

Renumber subsections (9) and (10) as subsections (7) and (8), respectively.

Page 2

Section 1(11) and (12)

Lines 20 through 22

Delete subsections (11) and (12) in their entirety.

Page 3

Section 2

Line 1

After "Section 2.", insert the following:

If an Application for Permit, ED-1, incorporated by reference
in 805 KAR 1:140,

Delete "When an application".

Page 3

Section 3(1)

Line 5

After "(1)", insert the following:

If an Application for Permit, ED-1, incorporated by reference
in 805 KAR 1:140,

Delete "When an application".

Line 6

After "Devonian Brown Shale", insert a comma.

Line 8

After "casing plan on", insert "Casing and Cementing Plan,".

Lines 8 and 9

After "805 KAR 1:140", delete ", Section 7(1)(b)".

Line 9

After "by and approval", insert "or denial".

After "of the department", insert the following:
pursuant to this administrative regulation

Page 3

Section 3(2)

Line 13

After "plan shall include", delete "the following".

Page 3

Section 3(2)(a)

Line 14

After "each casing string.", insert "1.".

Lines 15 and 16

After "below the depth", insert the following:
in the approved permit.

2.

Delete "recommended by the department;".

Capitalize the first letter of "if".

Lines 16 and 17

After "operations deeper than", insert the following:
the depth in the approved permit

Delete "such recommended depth".

Lines 17 and 18

After "actual freshwater depth.", insert the following:

3. A freshwater casing string shall be set and cement circulated to the surface

Delete the following:

All freshwater casing strings shall be circulated when they are set

Page 3

Section 3(2)(b)

Line 20

After "the type, size", insert a comma.

Line 21

After "and well bore", insert "shall".

Delete "will".

Lines 22 and 23

After "volume, class, additives", insert the comma.

Page 4

Section 4(2)(a)

Line 9

After "be installed on", insert "a shallow well".
Delete "shallow wells".

Line 10

After "Devonian Brown Shale", insert a comma.

Page 4

Section 3(3)

Lines 1 and 2

After "(3) If", insert "an open hole"
Delete "a production"

Page 4

Section 4(2)(b)

Line 12

After "be installed on", insert "a deep well".
Delete "deep wells".

Line 13

After "of 5,000 psi.", insert "1.".

Line 14

After "this administrative regulation.", insert "2.".

Line 15

After "shall be performed", insert the following:
when the device is initially installed, 30 days after the initial instillation, and
when the operator opens or removes the BOP,
Delete "at regular intervals"
After "ensure the BOP", insert "shall".
Delete "will".

Page 5

Section 5

Line 1

After "The director", insert "shall".
Delete "may".

Line 2

After "administrative regulation for", insert "a shallow well".
Delete "shallow wells".

Lines 2 and 3

After "written request for", insert "the".
Delete "such".

Page 5

Section 5(1)

Line 4

After "be drilled through;", delete "and".

Page 5

Section 5(2)

Line 6

After "not encountered at", delete "such".

Page 5

Section 6

Line 8

After "Section 6.", insert "(1)".

Line 9

After "department shall approve", insert "or deny".

After "of plugging operations.", insert "(2)".

Line 10

After "operator shall submit", insert ":(a)".

Capitalize "a".

After "well log", insert ":(b)".

Delete "and".

Capitalize the first letter of "completion".

Lines 10 and 11

After "report", insert ":(c)".

Delete "and any".

Capitalize the first letter of "geophysical".

Page 5

Section 7

Line 12

After "Section 7.", insert "(1)".

Line 13

After "failure or other", insert "deficiency that".

Delete "difficulty which".

Lines 14 and 15

After "a deep well", insert ":(2)(a)".

Delete "; provided, however,".

Line 15

After "be immediately notified", insert "if".

Delete "whenever".

Line 16

After "failures or blow-outs", insert "that".

Delete "which".

Line 17

After "to the public.", insert "(b)".

After "operator shall correct", insert the following:

deficiencies, such as those established in this section,

Delete the following:

any and all such difficulties

Page 5

Section 8

Lines 18 and 19

After "this administrative regulation", insert "shall be".

Delete "is".